Foreign Programs and Payments

Section: Treasury Management
Title: Foreign Programs and Payments

POLICY

.100 POLICY STATEMENT
Foreign programs frequently present special expense-payment issues. Vendors often require immediate payment for goods and services in local currency. The policy sets forth roles and responsibilities for payments to fund foreign operations. This policy supersedes FASOM Section 13.08: Purchasing -- Funds for Foreign Programs.

.110 POLICY RATIONALE
OUS seeks to ensure that the high-level roles and responsibilities of the Chancellor's Office and the institutions related to foreign programs and payments are documented, communicated, and clearly understood and applied.

.120 AUTHORITY

- ORS 295.195, When deposit in foreign country authorized; effect on collateral
- OUS Fiscal Policy 105.100, Treasury Management Operations
- 31 CFR B, Chapter 1, Part 103, Financial Recordkeeping and Reporting of Currency and Foreign Transactions

.130 APPROVAL AND EFFECTIVE DATE OF POLICY

Approved by the Associate Vice Chancellor for Finance & Administration/Controller on January 15, 2008, with an effective date of January 15, 2008.

.140 KNOWLEDGE OF THIS POLICY

All Chancellor's Office and institutional personnel with responsibilities related to payments for foreign operations should be knowledgeable of this policy.

.150 DEFINITIONS

None.

.160 RESPONSIBILITIES

The Senior Vice Chancellor for Finance and Administration is responsible for System fiscal policy, including the Treasury Management Operations policy.

Functional responsibilities of institutions and the Controller's Division in the area of foreign programs and payments are detailed under section .170 of this policy (below).

.170 FOREIGN PROGRAMS AND PAYMENTS

1. Foreign programs frequently present special expense-payment issues. Vendors often require immediate payment for goods and services in local currency. In these situations, funds may be provided to the program or faculty director (director) of the foreign program in advance. The director is then responsible for the funds and will account for them retroactively. The advance is the liability of the director.

   Payment Methods
Payments to fund foreign operations (e.g. study abroad and research projects) shall be paid through the following methods.

a. Payments for tuition, fees, and other expenses over $5,000 shall be paid directly to the foreign university or vendor via international wire transfer. In the event a wire transfer is not possible, exceptions may be granted by the Director of Business Affairs with written justification.

b. Payments to directors for incidental expenses shall be paid using a departmental advance, or by other means if approved by the Director of Business Affairs. (A departmental travel/credit card may be used in areas where credit cards are accepted as a payment method if both the director and university business office agree.) Advances and credit card charges are the liability of the director and must be accounted for in accordance with the policies established by the issuing university.

c. Directors should follow university purchasing policy for obtaining quotes and executing contracts prior to payment for services.

2. Due to increased complexity and associated risk factors with maintaining bank accounts in foreign countries, OUS will utilize other payment options whenever possible. In cases where a more efficient payment method is not available, foreign bank accounts may be utilized.

a. When a foreign bank account is the most efficient method for making overseas payments, a request to establish/continue a foreign account may be made in writing by the university Vice President for Finance and Administration to the Controller’s Division, attention Director, Treasury Operations. The request should explain in sufficient detail the following:

   I. The purpose for the foreign bank account
   II. The reason(s) other payment methods are not feasible
   III. Whether the funds will be insured and what measures will be taken to protect the funds, e.g. security and internal controls
   IV. The amount to be deposited
   V. An estimate of the average balance

If the request is approved, the Controller’s Division will seek approval from the Oregon State Treasury to establish the foreign account.

b. If the proper approvals are obtained and a foreign bank account is established, the university business office will ensure the following responsibilities are completed:

   I. Notifying and working with any employee required to File Treasury Form TD F 90-22.1. (Any citizen or resident of the U.S. with signature authority over a foreign bank account must file TD F 90-22.1 if the aggregate value of the accounts for which they have signature authority exceeds $10,000 at any time during the year. Employees who fail to file are subject to penalties up to $10,000.)

   II. Notifying subject employees that they must represent to the IRS on their personal tax return that they have signature authority on a foreign bank account.
III. Furnishing to the Controller’s Division a list of authorized signers on the account. (Note: only university employees should have signature authority.) This list will be submitted by December 31 of each year, or sooner if there is a change in personnel. A signed certification by the Director of Business Affairs indicating compliance with I and II above should also accompany the signature list.

IV. The timely reconciliation of the account and implementation of proper internal controls.

3. For bank accounts currently open in foreign countries, the requirements in sections 1 and 2 above apply. The university should take the necessary steps to close any foreign account for which more efficient payment options are available. If other payment options are not feasible, the university should submit a request to continue utilizing the account following the instructions in 2(a) above and will be responsible for meeting the requirements under 2(b) above if the request is approved.

The account must be closed, or a request to keep the account open filed with the Controller's Division by March 31, 2008. Accounts that remain open should be reviewed on an annual basis to determine if the account is still necessary under the terms of this policy.

**.690 CONTACT INFORMATION**

Direct questions about this policy to the following offices:

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<td>General questions from institutional central administration and Chancellor's Office personnel</td>
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**.695 HISTORY**

01/15/08 - Approved

Policy Last Updated: 01/15/08

**APPENDIX**

None.